



# House of Representatives

General Assembly

**File No. 69**

February Session, 2006

Substitute House Bill No. 5588

*House of Representatives, March 21, 2006*

The Committee on Banks reported through REP. DOYLE of the 28th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

**AN ACT REQUIRING A SALES AND USE TAX EXEMPTION FOR CERTAIN SALES TO CONNECTICUT CREDIT UNIONS.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 12-412 of the 2006 supplement to the general  
2 statutes is amended by adding subdivision (117) as follows (*Effective*  
3 *July 1, 2006, and applicable to sales occurring on or after July 1, 2006*):

4 (NEW) (117) Sales of tangible personal property or services to, and  
5 the storage, use or other consumption of tangible personal property or  
6 services by, a Connecticut credit union, as defined in section 36a-2.

This act shall take effect as follows and shall amend the following sections:

Section 1	<i>July 1, 2006, and applicable to sales occurring on or after July 1, 2006</i>	12-412
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**BA**      *Joint Favorable Subst.*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

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**OFA Fiscal Note****State Impact:**

Agency Affected	Fund-Effect	FY 07 \$	FY 08 \$
Department of Revenue Services	GF - Revenue Loss	500,000	500,000

Note: GF=General Fund

**Municipal Impact:** None

**Explanation**

The bill is anticipated to result in a revenue loss from the Connecticut Sales Tax of approximately \$500,000 in FY 06 and subsequent years. The bill exempts Connecticut credit unions from the sales and use tax. There are currently 41 state-chartered credit unions in Connecticut.

**The Out Years**

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

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**OLR Bill Analysis**  
**sHB 5588**

***AN ACT REQUIRING A SALES AND USE TAX EXEMPTION FOR CERTAIN SALES TO CONNECTICUT CREDIT UNIONS.***

**SUMMARY:**

This bill exempts Connecticut credit unions from the sales and use tax. A Connecticut credit union (1) is a cooperative, nonprofit financial institution that is organized under, and the membership of which is limited by, Connecticut law; (2) operates for the benefit and general welfare of its members with the earnings, benefits, or services offered being distributed to, or retained for, its members; and (3) is governed by a volunteer board of directors elected by and from its membership. Federally chartered credit unions are already exempt from the Connecticut sales and use tax.

EFFECTIVE DATE: July 1, 2006 and applicable to sales on or after that date.

**COMMITTEE ACTION**

Banks Committee

Joint Favorable Substitute

Yea 18 Nay 0 (03/09/2006)